

— Public Lender Presentation —

November 1, 2011

# Agenda

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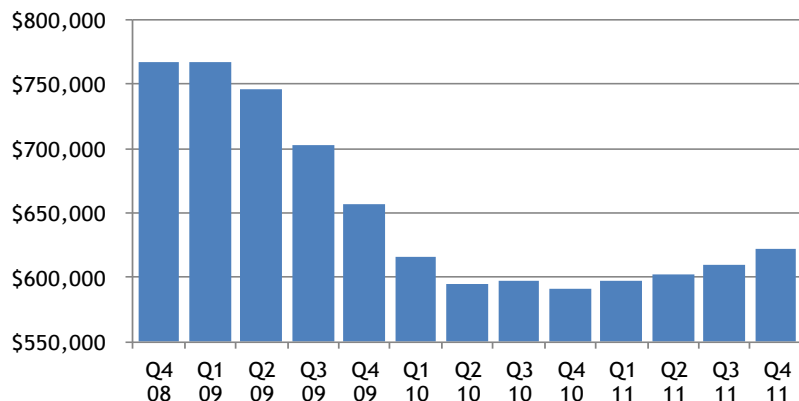
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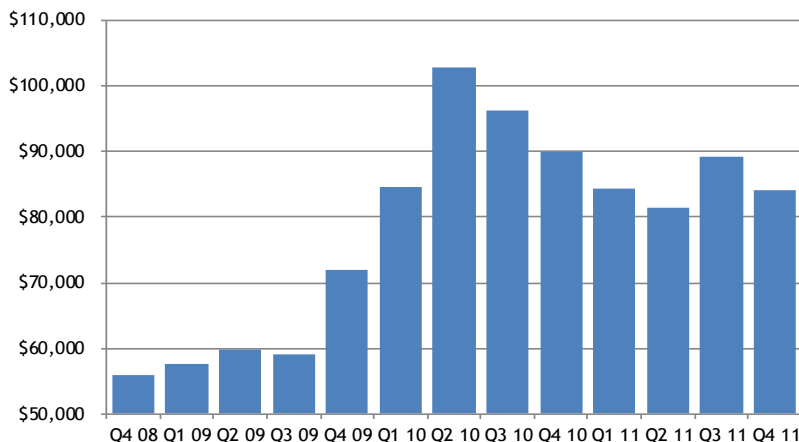
# CEO Overview

## Tekni-Plex TTM Net Sales (\$ 000's)



Note: Includes net sales from discontinued operations.

## Tekni-Plex TTM EBITDA (\$ 000's)

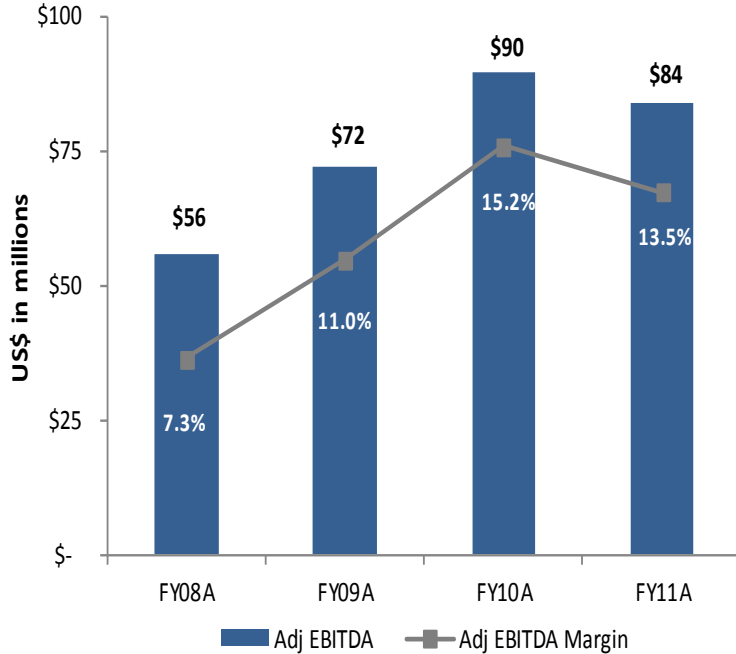


## FY11 Major Takeaways

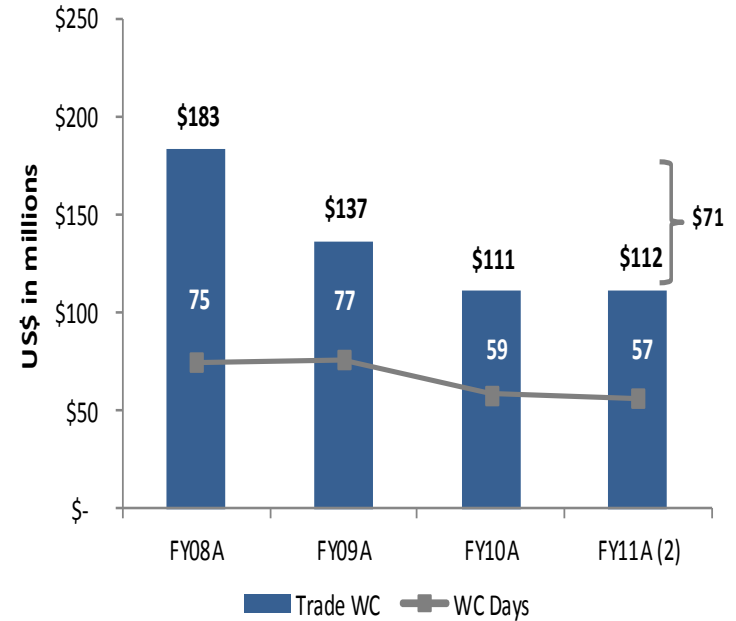
- **Net Sales Growing Again - Up \$31MM yoy**
  - Price = 2.8% & Volume = 2.7%
  - Strength across majority of the business
- **Managing through +\$28MM Raw Material Increase**
  - Resin Costs up 20%+ yoy
  - Good Pricing Discipline
    - Significant pricing action implemented across all major categories Q3/Q4.
- **Continue to Rationalize Production Capacity**
  - China - Vinyl Hose operation
  - Bucyrus - Recycled PVC operation
  - Ridgefield (sale-leaseback)
- **EBITDA down yoy \$5.7MM**
  - Significant raw material cost increases
  - Good Operational Cost-Out (\$12.5MM)
  - Improved Colorite Hose Earnings by +\$5MM
  - Lower Dolco results (volume, recall, and fire)
- **Trade Working Capital Flat to Prior**
  - Improved collections and payables
  - Raw material inflationary pressures on inventory
  - Buy forward strategy
- **Invested \$21MM in CapEx**
  - Growth & Productivity
  - Product Development Center

# Adjusted EBITDA and Working Capital Trend

Adj. EBITDA (\$ million)



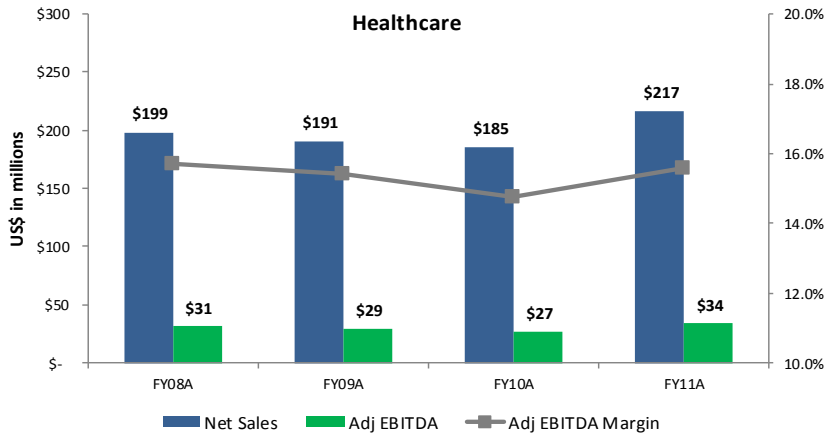
Trade Working Capital<sup>(1)</sup>



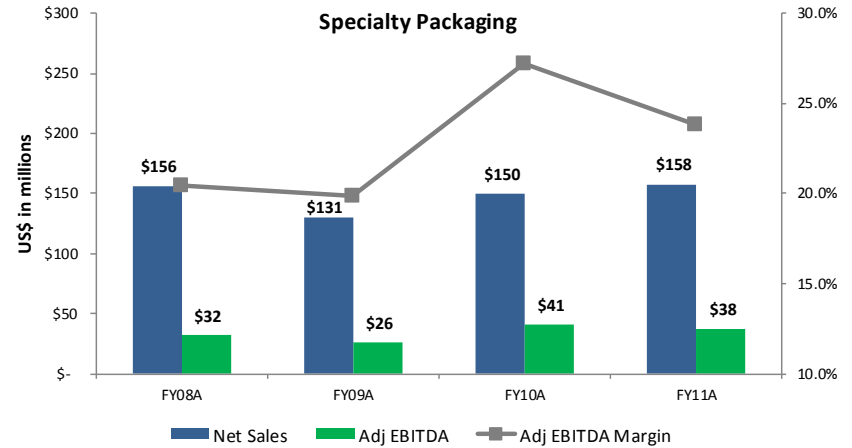
- 1) Trade WC defined as receivables plus inventory less payables. WC Days defined as Trade Working Capital divided by average daily sales.
- 2) Net of European receivables factored of \$6.5MM in FY11.

# Historical Operating Performance

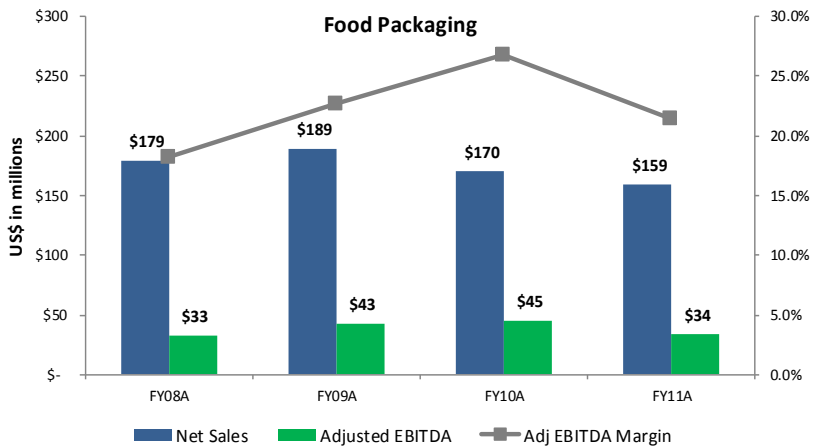
## Healthcare<sup>(1)</sup>



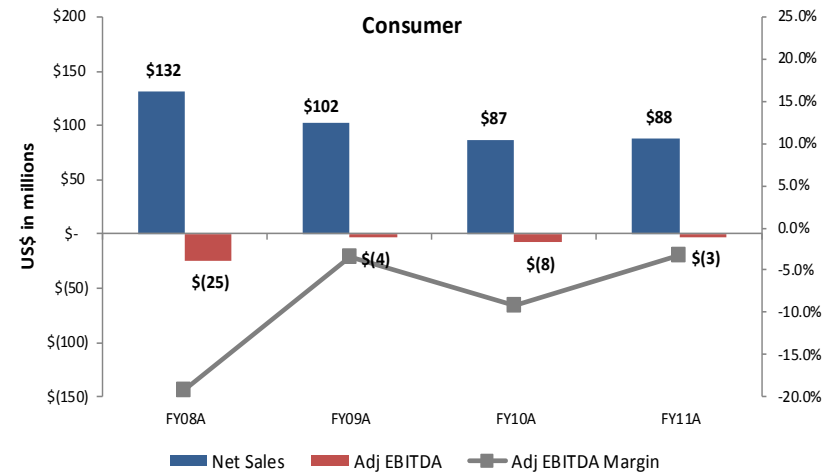
## Specialty Packaging<sup>(1)</sup>



## Food Packaging<sup>(1)</sup>



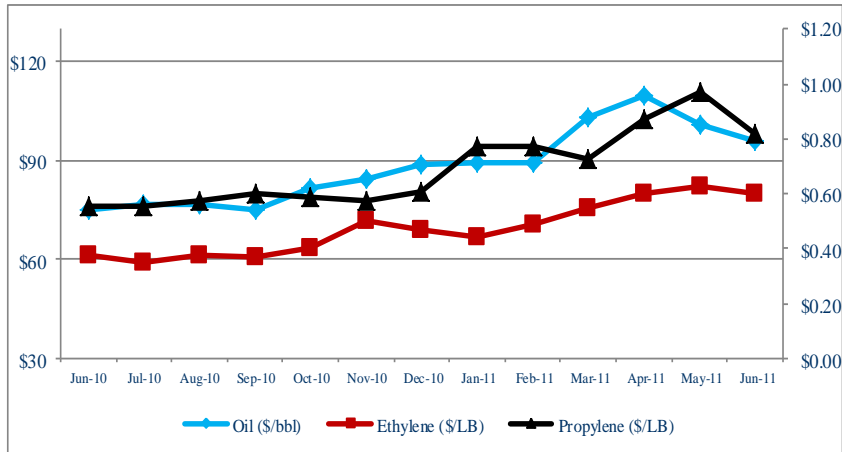
## Consumer<sup>(1)</sup>



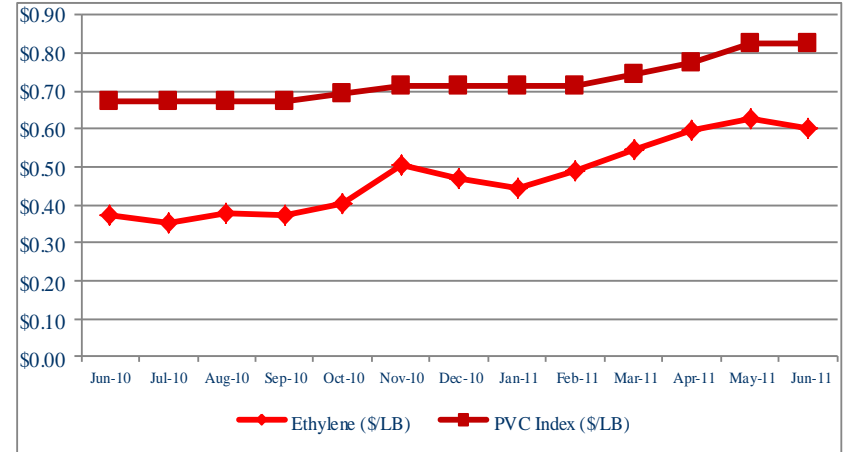
(1) Adj. EBITDA excludes discontinued operations and corporate expenses. FY09 net sales excludes \$2.5MM for the divested PureTech recycling business.

# Raw Materials Impact

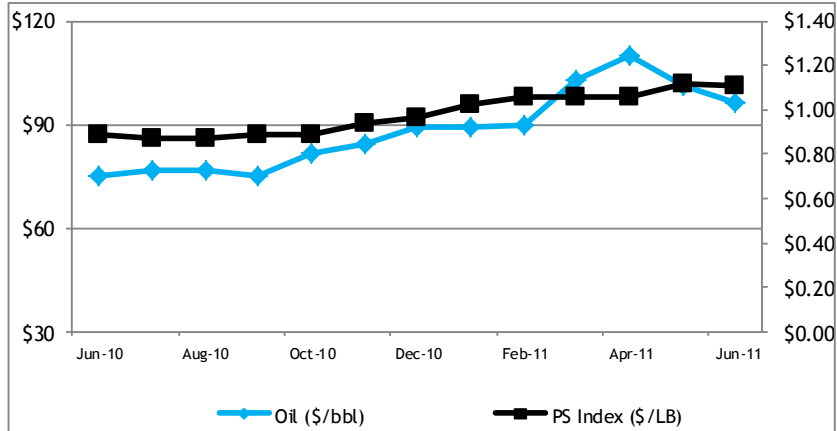
## Plasticizers



## PVC



## Polystyrene

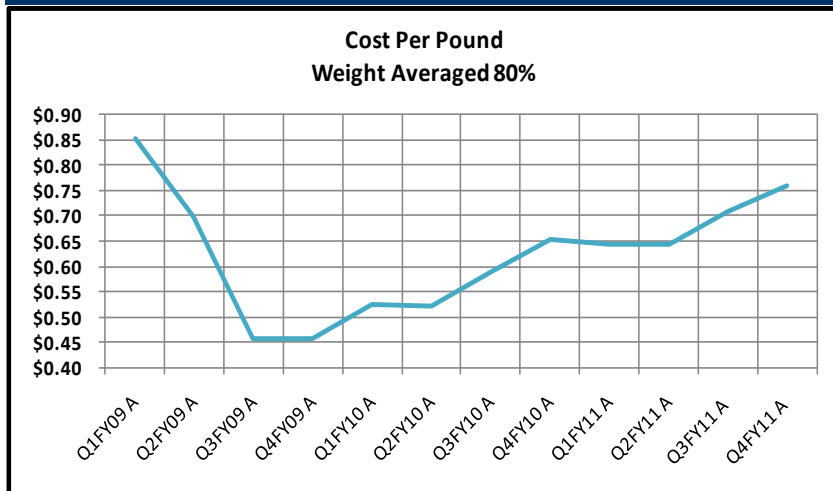


## Impact on Material Cost

	U.S. Weighted Avg Cost per LB	% Incr (Decr)
FY 10A	\$ 0.57	
FY 11A	\$ 0.69	21%

# Raw Materials Impact

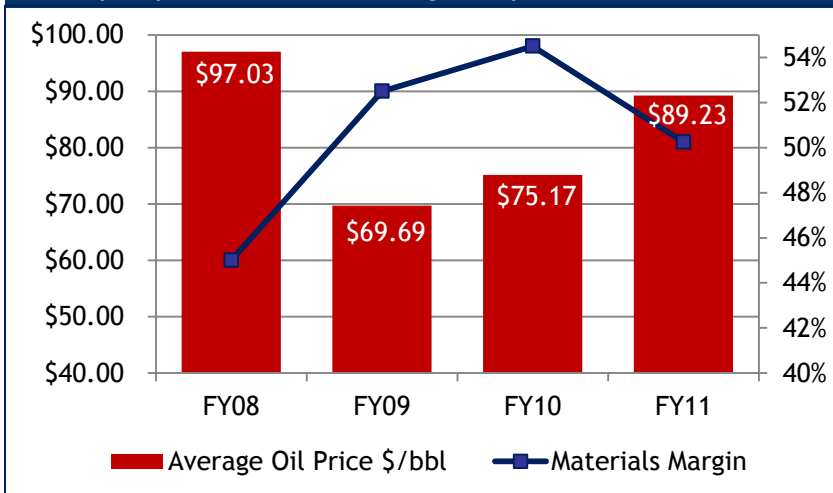
## Shifts in Raw Material Costs '09 - '11



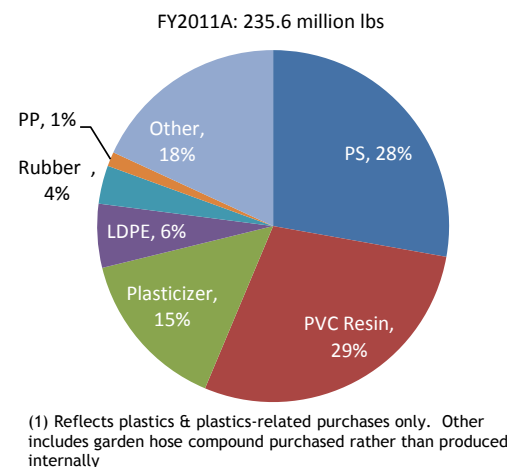
## Mitigation Efforts

- **Price increases to cover raw material increases**
  - ~ 33% of business under contract or arrangement
  - ~ 25% have raw material pass-thru
  - + High sole supply position in some product lines
  - Margins lag cost increases by 3 - 6 months
- **Market Price Increases**
- **Leverage Suppliers**
  - Fixed resin price - 3 to 6 months
  - Pricing mechanism - Raw Materials +
  - Forward buys
- **Lightweight / Substitution / Recycle Usage**

## 5 pct point material margin expansion since FY08

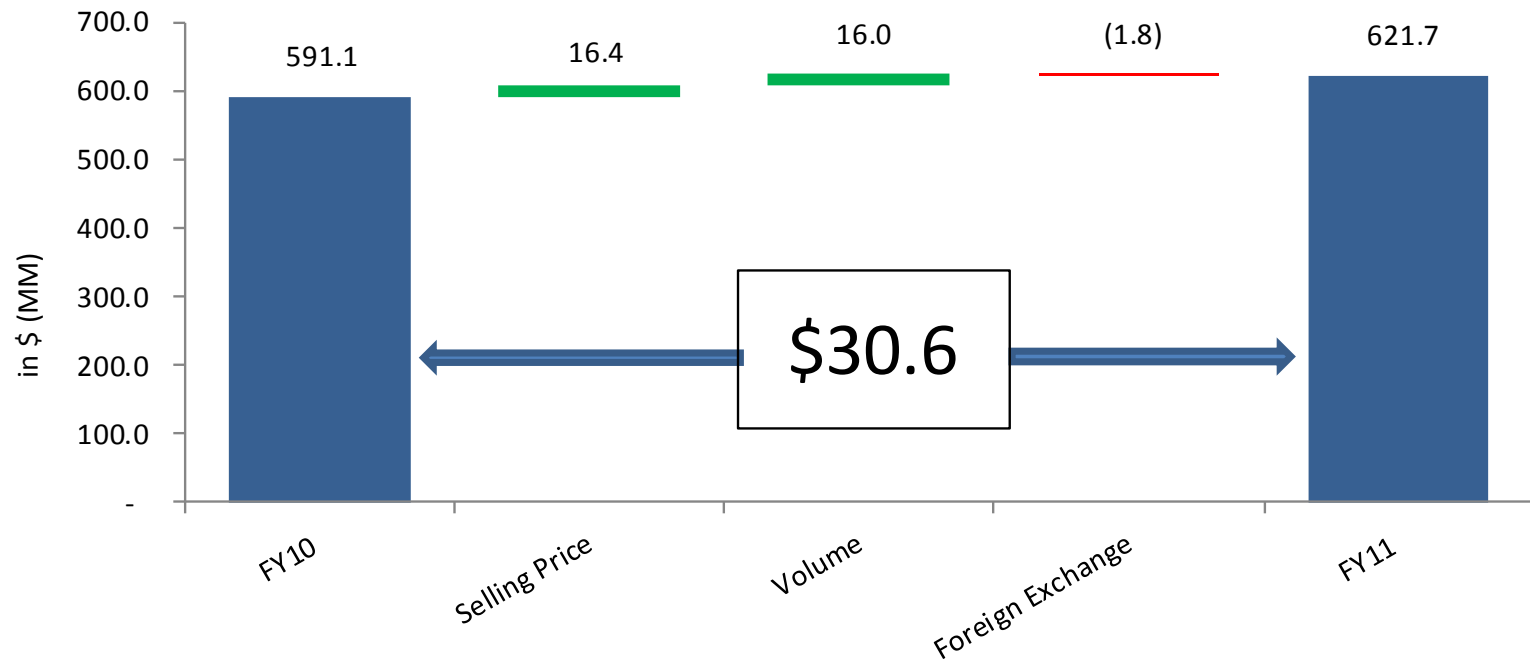


## Global Raw Material Mix (1)



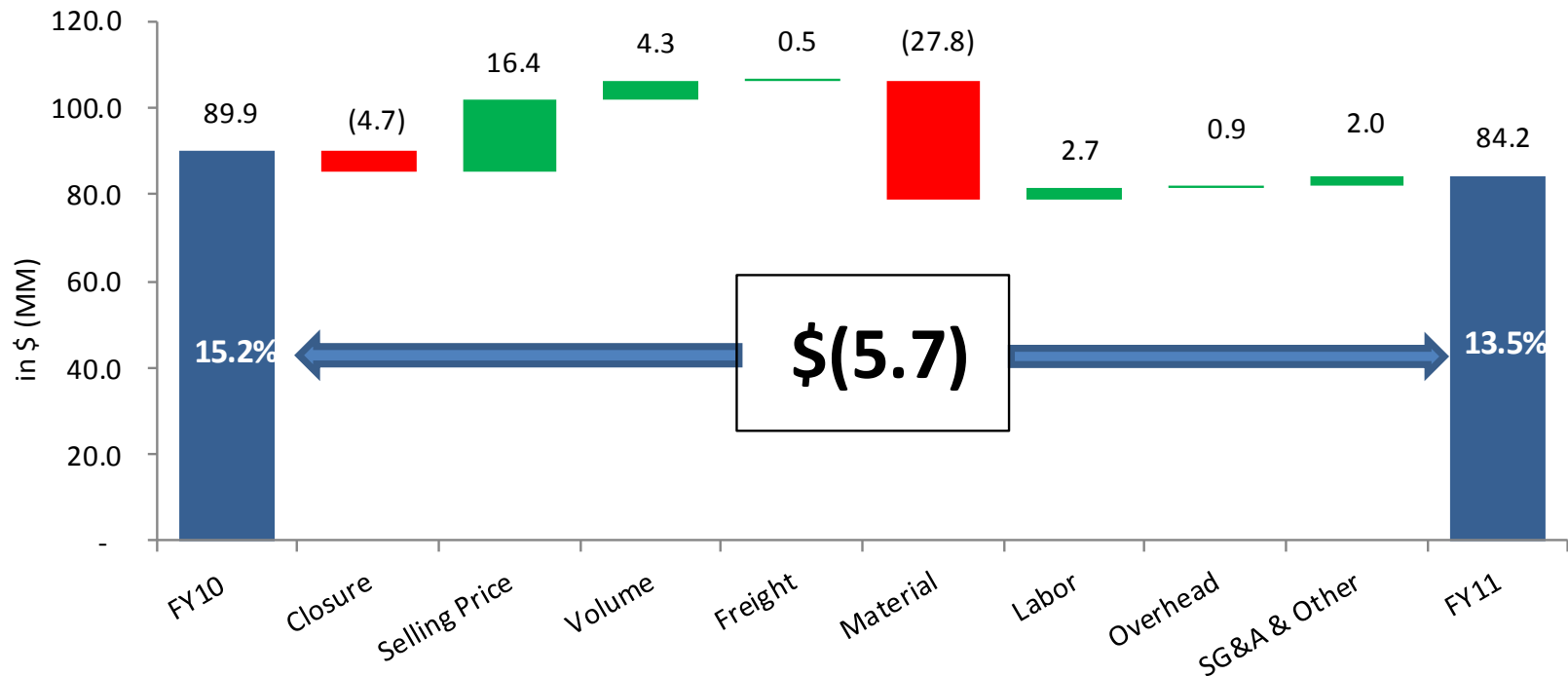
# FY2010 to FY2011 Net Sales Bridge

Price and volume drive 5.2% increase in net sales



# FY2010 to FY2011 Adj. EBITDA Bridge

Rapidly rising raw material costs pressured margins in FY11



## Notes

- Closures: (\$4.7MM) relates to Burlington Health & Welfare plan termination
- Implemented selling price increases in June 2011 to address material cost increases in the second half of the fiscal year; difference between cost increase and selling price recovery expected to be recovered during FY12.

# Liquidity

Liquidity improved from \$30.7MM in FY10 to \$62.6MM in FY11.

<i>(\$ in millions)</i>		
Fiscal Year end June	FY10A	FY11A
<u>Free Cash Flow</u>		
Adj. EBITDA	\$ 89.9	\$ 84.2
Plus / (Less): Cash Interest	(51.7)	(54.4)
Plus / (Less): Cash Capital Expenditures	(20.4)	(21.1)
Plus / (Less): Cash Taxes	(6.2)	(8.7)
Plus / (Less): Change in Working Capital	28.8	(1.2)
Plus / (Less): Cash Restructuring Expense	(16.0)	(4.3)
Plus / (Less): Bond Call Prem	-	(4.5)
<b>Free Cash Flow</b>	<b>\$ 24.4</b>	<b>\$ (10.1)</b>
Plus / (Less): Business Acquisition	(7.9)	(1.5)
Net Proceeds from sale of Ridgefield, NJ asset	-	16.2
<b>Adjusted Free Cash Flow</b>	<b>\$ 16.5</b>	<b>\$ 4.6</b>
Balance Sheet Cash	10.4	11.0
Availability	20.3	51.6
<b>Total Liquidity</b>	<b>\$ 30.7</b>	<b>\$ 62.6</b>

## Notes

- While the FY11 refinancing lowered weighted average borrowing costs by 1% to 8.8%, we experienced higher cash interest of \$2.7MM due to interest incurred over a 30 day bond redemption notice period and a cash bond call premium of \$4.5MM.
- Q1 FY12 liquidity is similar to fiscal year end 2011.

# Covenants

## Met all covenants in FY11

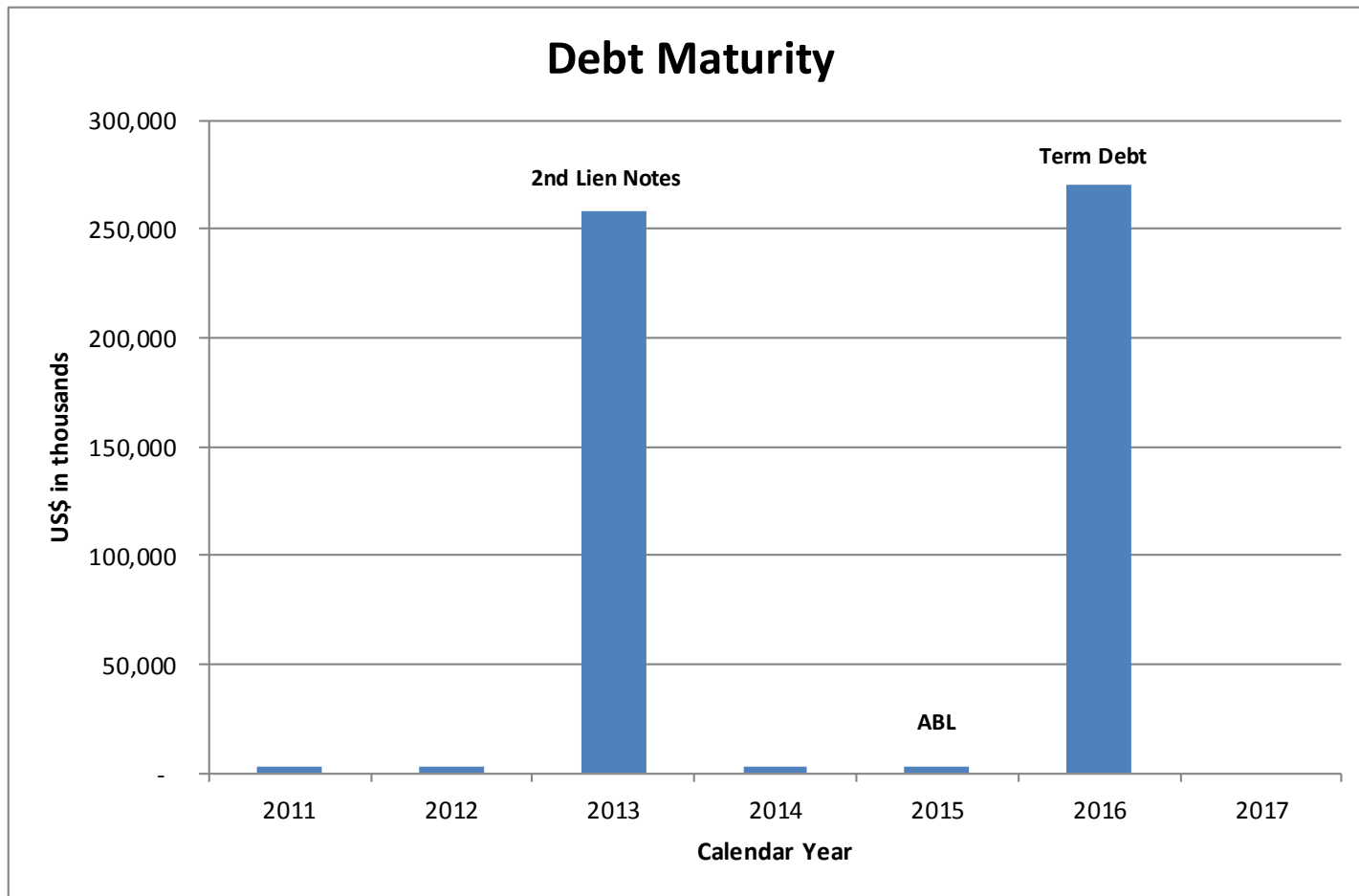
<i>Covenant Cushion</i> <i>US \$ in millions</i>	FY11			
	Q1	Q2 <sup>(2)</sup>	Q3 <sup>(2)</sup>	Q4
<b>LTM Adj EBITDA</b>	\$ 84.7	\$ 75.7	\$ 84.7	\$ 84.2
<b>Leverage Ratio Covenant</b>	7.50	7.50	7.50	6.75
<b>Actual Leverage Ratio</b>	6.41	7.26	6.42	6.40
Minimum Adj EBITDA to meet Leverage Ratio Covenant	73.9	73.6	72.5	79.8
<b>Adj EBITDA Cushion on Leverage Ratio</b>	<b>10.8</b>	<b>2.2</b>	<b>12.2</b>	<b>4.4</b>
<b>Cushion % on ADJ EBITDA</b>	13%	3%	14%	5%
<b>Interest Expense Ratio Covenant</b>	1.40	1.40	1.40	1.60
<b>Actual Interest Expense Ratio</b>	1.80	1.58	1.71	1.71
Minimum Adj EBITDA to meet Int Exp Ratio Covenant	65.8	67.1	69.3	78.9
<b>Adj EBITDA Cushion on Int Exp Ratio Covenant</b>	<b>18.9</b>	<b>8.6</b>	<b>15.4</b>	<b>5.3</b>
<b>Cushion % on ADJ EBITDA</b>	22%	11%	18%	6%
<b>Springing Fixed Charge Coverage Ratio Covenant<sup>(1)</sup></b>	1.00	1.00	1.00	1.00
<b>=(ADJ EBITDA - CapEx) / (Interest + Tax + Principal)</b>				

## Project to meet all covenants in FY12

- (1) Springing Fixed Charge Coverage Ratio Covenant only triggered if availability is less than \$9MM. During FY11 availability ranged from \$18.9MM to \$51.6MM.  
(2) In Q2 and Q3, a limit on EBITDA add-backs under our credit documents resulted in \$5.5MM and \$2.6MM, respectively, of charges not being added back to EBITDA.

# Debt Maturities

2<sup>nd</sup> Lien Notes mature in November 2013. Springing maturity on Term Loan/ABL is August 2013.



# Questions

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# Appendix

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# Adjusted EBITDA reconciliation

<i>US\$ in millions</i>	FY08	FY09	FY10	FY11
<b>Net Income/(Loss)</b>	<b>\$ (116.0)</b>	<b>\$ (200.2)</b>	<b>\$ (47.9)</b>	<b>\$ (55.5)</b>
Depreciation & Amortization	29.8	59.6	55.6	56.2
Interest	104.6	60.4	62.3	62.4
Income Taxes	6.6	(14.9)	(11.4)	3.4
Impairment Charges	-	137.9	13.4	-
Loss on Extinguishment of Debt	-	-	-	10.2
Restructuring and Bank Addbacks	30.9	30.1	17.7	7.3
Other	0.1	(0.9)	-	0.1
<b>Adjusted EBITDA</b>	<b>\$ 56.0</b>	<b>\$ 72.0</b>	<b>\$ 89.9</b>	<b>\$ 84.2</b>
Non-Recurring Expense <sup>(1)</sup>	-	-	(1.8)	1.2
<b>Normalized Adjusted EBITDA</b>	<b>\$ 56.0</b>	<b>\$ 72.0</b>	<b>\$ 88.1</b>	<b>\$ 85.4</b>

(1) Non-recurring expense: \$1.2MM in FY11 relates to plant fire and egg recall and (\$1.8MM) in FY10 relates to termination of Burlington Health & Welfare plan, professional fees, and non-cash purchase accounting adjustments.

# Free Cash Flow reconciliation

<i>US\$ in millions</i>	FY10	FY11
<b>Free Cash Flow (slide 10)</b>	<b>\$ 24.4</b>	<b>\$ (10.1)</b>
<b>Adjustments</b>		
Receivable-based borrowing	-	(6.5)
Other Assets/Liabilities	1.8	(2.1)
Non-Cash Items	(12.3)	(1.3)
Foreign Exchange	5.9	0.0
Other	-	(0.1)
<b>Cash Flow from Operations less Capex</b>	<b>\$ 19.9</b>	<b>\$ (20.0)</b>

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EBITDA is not a recognized term under generally accepted accounting principles (GAAP). EBITDA does not represent net loss, as that term is defined under GAAP, and should not be considered as an alternative to net loss as an indicator of our operating performance. Additionally, EBITDA is not intended to be a measure of free cash flow available for management or discretionary use as such measures do not consider certain cash requirements, including but not limited to items such as capital expenditures, tax payments and debt service requirements. Tekni-Plex considers EBITDA to be a key indicator of our normalized operating results and ability to monitor our compliance with debt covenants. Free Cash Flow, which is a non-GAAP financial measure, is defined as “Net Cash (used in) provided by operating activities” (as stated in our Consolidated Statement of Cash Flows) reduced by capital expenditures and adjusted for accounts receivable financing. Free Cash Flow is an additional performance measure used as an indicator of our ability to service and repay debt, make investments and return capital to investors.

Quarterly financial information is not audited.

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